

VZCZCXRO4873  
OO RUEHLMC  
DE RUEHLP #1952/01 2001614  
ZNY CCCCC ZZH  
O 191614Z JUL 06  
FM AMEMBASSY LA PAZ  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9986  
INFO RUEHAC/AMEMBASSY ASUNCION 6001  
RUEHBO/AMEMBASSY BOGOTA 3319  
RUEHBR/AMEMBASSY BRASILIA 7168  
RUEHB/AMEMBASSY BUENOS AIRES 4430  
RUEHC/AMEMBASSY CARACAS 1708  
RUEHP/AMEMBASSY LIMA 1717  
RUEHM/AMEMBASSY MONTEVIDEO 3924  
RUEHQ/AMEMBASSY QUITO 4339  
RUEHSG/AMEMBASSY SANTIAGO 8900  
RHMF/ HQ USSOUTHCOM MIAMI FL  
RUMIAAA/USCINCSO MIAMI FL  
RUEHLMC/MILLENNIUM CHALLENGE CORP  
RHEBAAA/DEPT OF ENERGY WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RHEHNSC/NSC WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 02 LA PAZ 001952

SIPDIS

SIPDIS

STATE FOR WHA/AND P.FRENCH AND L.PETRONI  
MCC FOR A.KRISCHENBAUM  
NSC FOR D.FISK  
USCINCSO ALSO FOR POLAD

E.O. 12958: DECL: 07/18/2016  
TAGS: ECON PGOV PREL MCC BL  
SUBJECT: SCENESETTER FOR VP GARCIA LINERA VISIT

Classified By: Amb. David N. Greenlee for reasons 1.4(b) and (d).

¶1. (C) Summary: Bolivian Vice President Alvaro Garcia Linera will arrive in Washington late July 19 to push for an extension of ATPDEA benefits. In its first six months in office, the Morales administration has maintained popularity ratings of 70 to 80 percent by nationalizing hydrocarbons, announcing land reforms, and unveiling an economic plan to improve conditions for Bolivia's poor. Despite its successes, the administration has been hampered by inexperience, which, along with increased Venezuelan and Cuban influence, has translated into mixed signals about GOB plans and intentions. Frank dialogue has been the hallmark of the U.S.-Bolivia bilateral relationship, buoyed at times by limited cooperation but damaged at others by anti-U.S. rhetoric. Since July 2, the GOB appears to be reaching out to the United States anew, but its end game remains unclear. End summary.

¶2. (C) Bolivian Vice President Alvaro Garcia Linera will arrive in Washington late July 19 to push for an extension of Andean Trade Promotion and Drug Eradication Act (ATPDEA) benefits. He and his delegation (Bolivian MCC representative Javier Hurtado, two members of Congress, and several private business representatives) will meet executive and legislative branch representatives July 20-21. Despite Embassy warnings to the contrary, many GOB officials have publicly stated that they are confident they will obtain an ATPDEA extension. Beginning the weekend of July 15-16, GOB officials began attempts to lower those expectations.

¶3. (C) In its first six months in office, the Morales administration has maintained popularity ratings of 70 to 80 percent by nationalizing hydrocarbons, announcing land reforms, and unveiling an economic plan to improve conditions for Bolivia's poor. On August 6, the Morales government will deliver on its biggest promise: a Constituent Assembly charged with "refounding" Bolivia. While Morales' Movement Toward Socialism (MAS) party is currently squabbling over who

will preside over the Assembly, the MAS will enter it with a secure position. It will control a majority of Assembly delegates, and it is working to pick off opposition party delegates in an attempt to reach the two-thirds necessary to control the Assembly's outcome.

¶4. (C) Despite its successes, the Morales administration has been hampered by inexperience, which, along with increased Venezuelan and Cuban influence, has translated into mixed signals about GOB plans and intentions. The GOB continues to suffer from intra-governmental miscommunication, the most recent example being Minister of Education Felix Patzi's triumphant declarations about the outcome of the July 10-14 education congress, which was later criticized by Minister of the Presidency Juan de la Quintana as too one-sided (septel).

The GOB has issued conflicting public and private statements on the nationalization of natural resources (whether mining would be affected), counternarcotics policy (mostly on eradication), its intent to sign a free trade agreement with the United States (ranging from rejecting the possibility outright to suggesting an agreement under another name), and military relations (regarding the return of U.S. counter-terrorism equipment). While Morales speaks publicly about making democracy more inclusive for Bolivia's indigenous (and seems to believe he is effecting positive change), he has also attempted to undermine democratic institutions by criticizing the courts, the media, and the opposition for "working against" his government and initiated legal action against political opposition and several former presidents, including Gonzalo "Goni" Sanchez de Lozada. Morales bills the upcoming Constituent Assembly as the vehicle for democratic change, but many worry that he will use it to consolidate power much like Venezuelan President

LA PAZ 00001952 002 OF 002

Hugo Chavez.

¶5. (C) Frank and open dialogue has been the hallmark of the U.S.-Bolivia bilateral relationship. Since January, relations have been buoyed at times by limited GOB cooperation but damaged at others by anti-U.S. rhetoric. The Morales government has cooperated with the Embassy on drug interdiction but is significantly behind on eradication efforts. Mil-to-mil cooperation has decreased significantly. U.S. assistance via USAID continues at previous levels, but the focus of assistance has shifted from the central government to Bolivia's prefects and other decentralized players. Overall, the GOB has used the bilateral relationship for its own political gain, since criticizing the USG and defending Bolivia against "the northern empire" generated support among many indigenous and rural voters in the run-up to the July 2 Constituent Assembly elections.

¶6. (C) Comment: Since the elections, the GOB appears to be reaching out to the United States anew, but its end game remains unclear. Recent positive overtures include the vice president's attendance at the Embassy's July 4 reception, the defense minister's request for additional U.S. assistance, and close collaboration on Garcia Linera's trip to Washington. While perhaps an optimistic view, continued offers of U.S. support and assistance, extended in the context of stark Washington reality and with clearly delineated USG expectations, might keep the GOB on the straight and narrow path, at least for now. End comment.  
GREENLEE